

AGENDA

ASSEMBLY BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE

Assembly Member Kevin McCarty, Chair

MONDAY, NOVEMBER 14, 2022 AT 1:30 PM

AMERICAN RIVER COLLEGE
4700 COLLEGE OAK DR., SACRAMENTO, CA 95841
STUDENT CENTER – BOARD ROOM

INFORMATIONAL HEARING IMPROVING ACCESS AT CALIFORNIA COMMUNITY COLLEGES

I. OPENING REMARKS

- Assemblymember Kevin McCarty, Chair

II. WELCOME

- Melanie Dixon, President, American River College

III. STATEWIDE AND DISTRICT PERSPECTIVES ON ENROLLMENT DECLINE

- Daisy Gonzales, Interim Chancellor, California Community Colleges Chancellor's Office
- John Hetts, Executive Vice Chancellor for the Office of Innovation, Data, Evidence and Analytics, California Community Colleges Chancellor's Office
- Mario Rodriguez, Vice Chancellor, Finance and Administration, Los Rios Community College District

IV. EFFECTS OF COVID-19 ON TRANSFER-INTENDING STUDENTS AND STATEWIDE IMPACTS OF COMMUNITY COLLEGE ENROLLMENT DECLINE

- Olga Rodriguez, Director of the Higher Education Center and Senior Fellow, Public Policy Institute of California

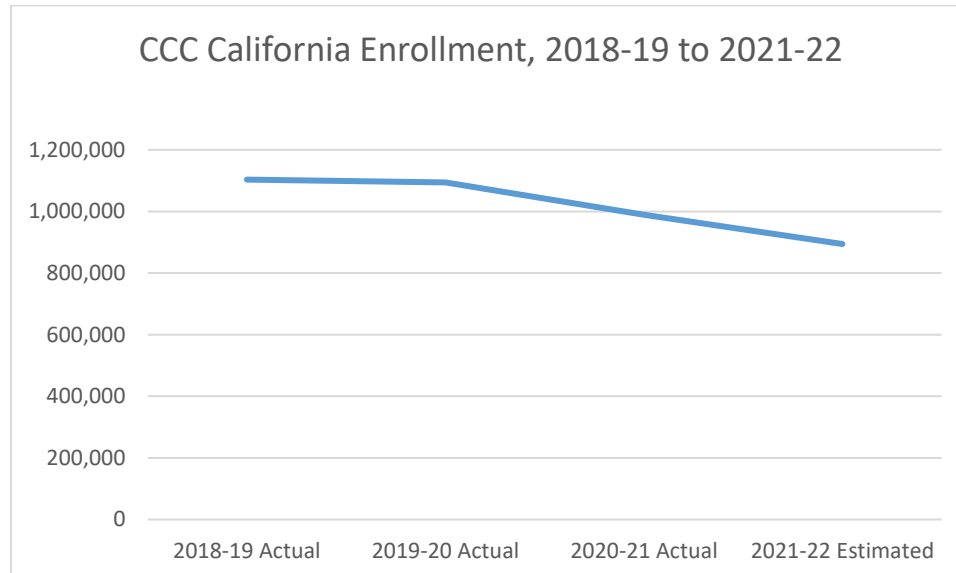
V. DISTRICT PERSPECTIVES ON RETAINING AND RECRUITING STUDENTS

- Brian King, Chancellor, Los Rios Community College District
- Sonya Christian, Chancellor, Kern Community College District
- Marvin Martinez, Chancellor, Rancho Santiago Community College District
- Carlos Cortez, Chancellor, San Diego Community College District

VI. PUBLIC COMMENT

All colleges have lost enrollment. Statewide enrollment at California community colleges has dropped by nearly 20% since the beginning of the COVID-19 pandemic, threatening a core legislative priority of promoting higher education access for Californians. The significant decline – more than 200,000 California full-time equivalent students - also could damage colleges' budgets, impact undergraduate enrollment at both the California State University and University of California, and derail recent gains in statewide degree production needed to expand the California economy.

Compared to 2018-19, enrollment was down at almost all community college districts in 2021-22. A further enrollment plunge may have stopped this Fall, with many colleges reporting flat enrollment levels when compared to last year. But this major loss of students since 2020 is likely the most pressing issue in California higher education. This hearing is intended to provide the Subcommittee with statewide and local perspectives on enrollment issues, and help generate ideas for budget and policy actions to consider in the next legislative session.

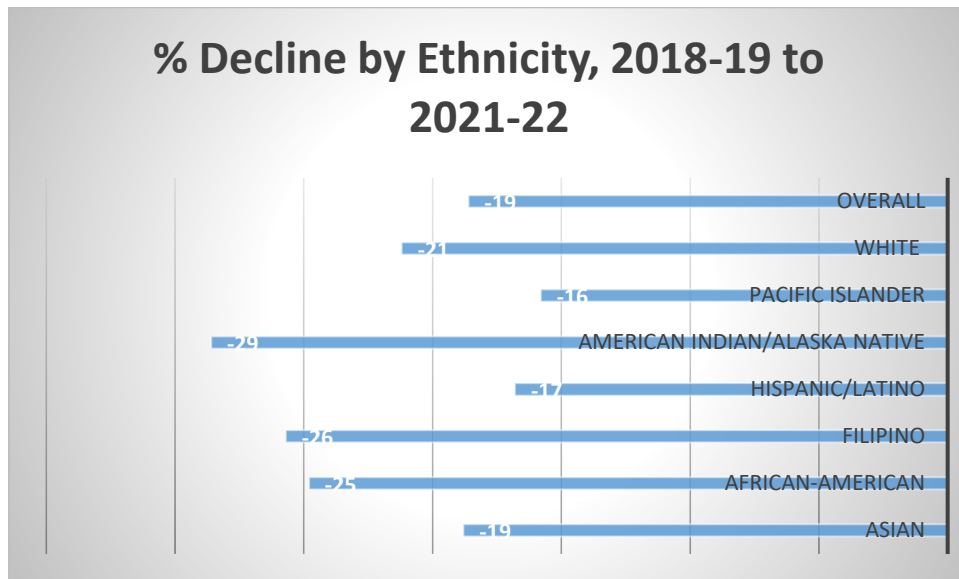


California Community College California Enrollment	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Estimated	Change, 2018-19 to 2021-22	% Change, 2018-19 to 2021-22
Total FTES	1,103,292	1,093,873	989,514	894,243	-209,049	-19%

Source: California Community Colleges Chancellor's Office

Enrollment declines steeper among some student groups. Recent analyses of enrollment trends at California community colleges conducted by the Chancellor's Office, the Public Policy Institute of California, and the Wheelhouse Center at UC Davis indicate that declines were more severe among some student populations.

Enrollment declines have been steeper among Native American, Hispanic/Latino, and Black/African-American students. The chart below indicates percent declines by ethnicity between 2018-19 and 2021-22 and was created by the Chancellor's Office. Other differences in enrollment declines include by gender (18% decline for male students, 15% decline for female students) and age (larger percentage declines among 20-24 year-olds and ages 45 and up.) These figures are based on headcount.



Source: California Community Colleges Chancellor's Office

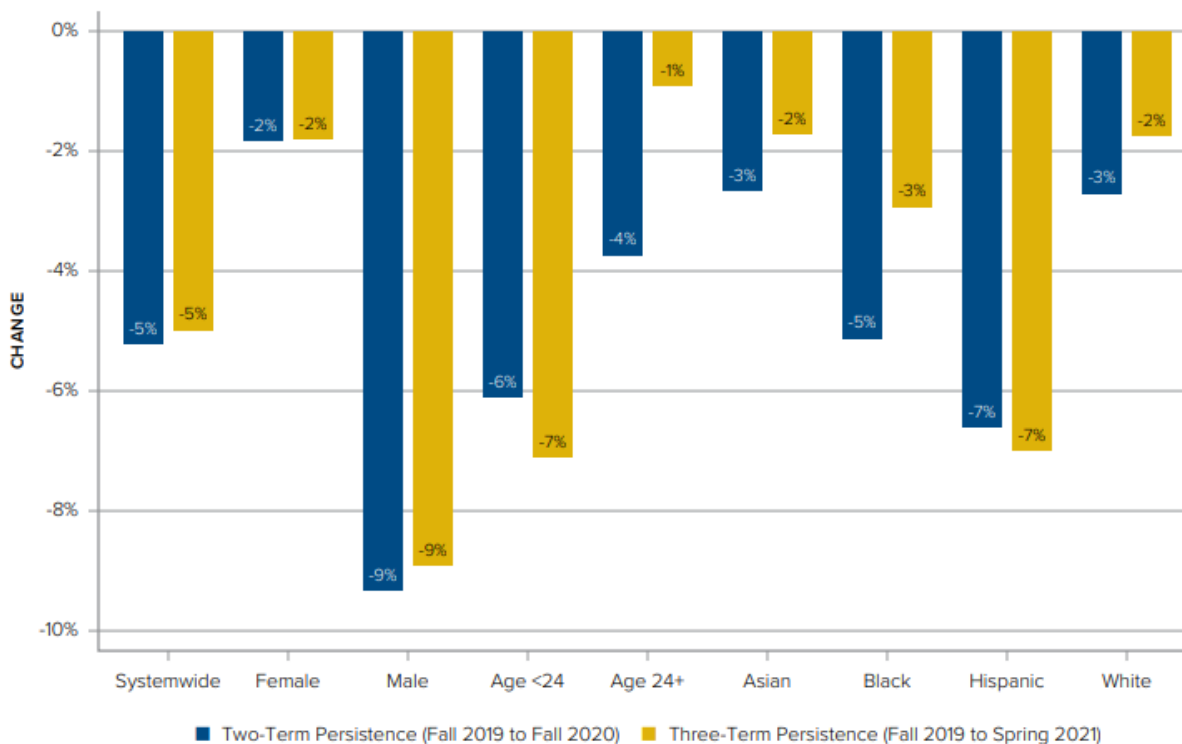
A report last month from the PPIC indicated that enrollment by students intending to transfer to a four-year institution fell by 20% between Fall 2019 and Fall 2021, and Asian, Black and Latino students faced disproportionately large drops. PPIC will provide further discussion of the report at this hearing.

Persistence also has declined. An August report from the Wheelhouse Center for Community College Leadership and Research at UC Davis noted that more continuing students dropped out during the pandemic, and persistence rates differed among student groups. The chart below is reprinted from that report.

Additionally, the Chancellor's Office has noted higher rates of students dropping courses or not persisting from first semester to second. Only about 16% of community college students who started in the 2017-18 academic year received a degree or transferred after three years.

Persistence Changes by Student Gender, Age, and Race

Post-March 2020, two- and three-term student persistence each declined in the CCC system by roughly 5%. Comparing rates across subgroups using the two-term measure, male persistence declined more (down 9%) than female persistence (down 2%). Persistence rates declined more for younger students (down 6%) than older students (down 4%). Persistence rates declined more for students of color than for White students. Specifically, persistence rates among Black/African American and Hispanic/Latinx students declined by 5% and 7%, respectively; Asian and White students declined by a smaller amount, 3%.



Source: Wheelhouse Center for Community College Leadership and Research at UC Davis

Numerous reasons for enrollment decline. College enrollment has declined across the country during the pandemic. Data recently released by the National Student Clearinghouse Research Center showed a 4.2% decrease in undergraduate enrollment nationally between Fall 2020 and Fall 2022, with the largest decreases at public two-year colleges.

California community colleges have seen much higher declines than national averages, however. Colleges and the Chancellor's Office have done significant surveys of students in the last few years in an effort to understand why students are leaving, or not starting, at colleges. In September, the Chancellor's Office reported to the Board of Governors some early highlights of a large-scale survey they conducted:

- Prospective students who have not enrolled yet said they have not enrolled because they are considering another higher education institution (33%), they cannot afford college (29%), and/or need to prioritize work right now (27%).

- Previously enrolled students indicated that the need to prioritize work (31%) and the inability to afford college (28%) both remain key barriers. Additionally, their responses indicate that their need to prioritize dependent care (21%) and the lack of availability of enough online classes (20%) are serving as critical additional barriers.

The Chancellor's Office will provide a more extensive look at survey findings during this hearing.

It should also be noted that California community college enrollment had been slowly declining even before the pandemic. Community college enrollment typically rises and falls due in part to the state economy, and a decade of stability and low unemployment lessened demand for community college. This year, California has recorded some of the lowest unemployment rates ever reported, with a 3.9% rate in September.

Colleges have thus far avoided major budget impacts of enrollment decline, but that may change next year. Apportionment funding is the lifeblood of college budgets, providing flexible revenue that is used to support most campus operations, including faculty and staff salaries. Community colleges receive a majority of their apportionment funding based on enrollment. The Student Centered Funding Formula (SCFF) provides funding in three categories: about 70% is based on overall enrollment, 20% is based on enrollment of low-income students, and 10% is based on several outcomes measures.

There are numerous protections in place to ensure colleges do not experience rapid funding declines:

- Most types of credit enrollment is based on a three-year average, so that colleges experiencing a short-term drop do not see immediate reductions in state funding.
- A hold harmless provision was included when the SCFF was created, providing each district with a funding floor equal to its 2017–18 apportionment revenue plus the corresponding inflation funding in each year. If districts would receive more funding under the hold harmless provision than they would under the funding formula, they are provided the hold harmless amount. The state extended the hold harmless period in each of the 2019–20, 2020–21 and 2021–22 budgets. Beginning in 2025–26, a district's funding floor will be equal to its 2024–25 hold harmless funding level or its SCFF-generated funding level, whichever is higher.
- Finally, the Chancellor's Office has issued emergency regulations creating the COVID-19 Emergency Conditions Allowance and the Wildfire Emergency Allowance, which allows colleges to collect funding based on pre-pandemic enrollment levels. This allowance is in place through the current fiscal year.

This year, according to preliminary estimates by the Chancellor's Office, 10 districts are utilizing the hold harmless provision, and 53 are using one of the two emergency allowances. Thus, only nine districts are receiving funding based on their actual enrollment. That will likely change next year, when the emergency allowances are scheduled to expire.

This hearing will allow discussion of the potential future budget impacts related to enrollment decline.

Other impacts of community college enrollment decline include UC/CSU enrollment and statewide degree attainment needs and goals. In addition to threatening community college budgets, the enrollment decline will likely have other, significant statewide impacts.

Community college transfer students typically comprise about half of the undergraduate student body at CSU, and UC campuses have a goal of admitting one transfer student for every two freshmen. CSU is seeing declining enrollments at many campuses that can be attributed in part to fewer transfer applicants. Preliminary CSU data indicates the system has lost about 12,000 transfer students between Fall 2020 and Fall 2022. UC transfer enrollment appears to have also dropped this Fall, according to early indicators from campuses.

The major community college enrollment decline also seems likely to disrupt the state's efforts to increase overall degree production, a key economic need. This Subcommittee has long discussed PPIC's 2015 projection that California needed to produce 1.1 million more bachelor's degrees by 2030 to meet state workforce needs. A 2021 follow-up post by PPIC indicated that state investments in UC and CSU enrollment growth and improving graduation rates in both systems were paying off, and the state was poised to close the degree gap. PPIC will provide a further update regarding this issue at the hearing.

The state has made numerous investments to help community college students access college and stay in school. Since the COVID-19 pandemic began in March 2020, the state has sought to bolster funding to help colleges attract and retain students, and provided more direct aid and support for students.

Among the investments:

- The Budget Act of 2020 provided \$120 million one-time Proposition 98 General Fund and federal funding to support a basic needs/learning loss/COVID 19 response block grant to colleges to support expenses such as mental health services, programs for students facing housing and food insecurity, reengagement for students who left college, technology and development of online courses and other student supports. Budget language also expanded the definition of "instructional materials" for local education agencies and community colleges to

allow lottery funds to support the acquisition of laptops and Internet hotspots for students, teachers and faculty.

- The Budget Act of 2021 provided \$250 million one-time federal funds for emergency financial aid, \$100 million one-time Proposition 98 General Fund to support student basic needs, \$30 million ongoing Proposition 98 General Fund to support student mental health services, \$30 million ongoing Proposition 98 General Fund to support basic needs centers at all community colleges, and \$120 million one-time Proposition 98 General Fund to support student recruitment and retention strategies.
- The Budget Act of 2022 provided a \$650 million one-time Proposition 98 General Fund block grant to address barriers to learning, reengagement strategies, grants to faculty to develop online, accelerated learning modules, professional development opportunities for faculty and student services professionals, investments to close the digital divide, cleaning supplies and personal protective equipment, or to discharge unpaid fees due or owed by a student to a community college in the district, and \$150 million one-time Proposition 98 General Fund to support community college efforts to increase student retention rates and enrollment by primarily engaging with former students who may have withdrawn from college due to the impacts of COVID-19. The budget also included \$20 million one-time Proposition 98 General Fund to support emergency student financial assistance grants to eligible AB 540 students.

In addition, the state has increased spending on student support categorical programs, such as Umoja, Puente, MESA and EOPS, and made significant changes to the Cal Grant and Student Success Completion Grant program to allow more than 100,000 new students to receive financial aid. Finally, state investments in increasing full-time faculty, increasing part-time faculty office hours, and ensuring that faculty have health insurance can all be considered as efforts to improve the student experience.

Districts will provide information at this hearing as to what specific efforts and programs they have launched using state and federal funds.

State, districts considering short- and long-term strategies to enroll and retain more students. Anecdotal reports indicate districts are conducting significant outreach to students who left college during the pandemic, and to students with some college credits but no degree. Numerous other efforts are being employed to attract students, including offering free public transportation, eliminating past-due balances for former students, or other forms of financial aid.

Some districts' overall enrollments have rebounded slightly from the first years of the pandemic through programs like dual enrollment, which offers college courses to high school students at either the high school or college campus, or online. Dual enrollment

provides funding to both K-12 and community college districts for serving students, allows students to earn college credits before getting to college, and has shown to increase college-going rates among low-income students. In addition to targeting younger students, some districts are also seeking to attract older students. Given the demographic trends in California, looking for more students outside of the 18- to 24-year-old range seems prudent.

Longer-term strategies under discussion include:

- Developing the right mix of in-person, online and hybrid courses to provide students with flexible options to meet their schedule, and ensuring that research and data are used to improve the quality of online courses and programs.
- Developing shorter-term courses that might allow students to better progress through a program and allow students more entry points into college throughout the year.
- Ensuring that students face as few barriers as possible in accessing academic support programs and other services, such as mental health, basic needs and financial aid.
- Improving relationships between K-12, community colleges, and UC and CSU campuses to allow students to more easily move from one system to another.

District chancellors testifying at this hearing have been asked to discuss their efforts to increase access and improve student completion rates.

Potential Questions

- What are the most successful efforts so far to recruit students who left college during the pandemic? What kinds of resources do colleges need to bring back these students?
- Are colleges using different strategies to recruit and retain different kinds of students?
- What do panelists believe will be the demographics of California community college students in 5 years, in age, ethnicity, and college preparation? Do colleges need to change program structures to address upcoming changes?
- Should colleges focus on supporting more students to become full-time students, or should services be geared more toward academic success for part-time students?

- Are there budget or policy issues that hinder colleges' ability to change program structures?
- How can online courses be improved to ensure all students can successfully complete online courses or programs?
- What percent of courses (or programs) will be online, in-person, or hybrid in the next few years? How has the course type impacted recent enrollment and outcome trends?
- How are districts planning for budget and other impacts if they are not able to regain enrollment lost during the pandemic?